

Water and Sewer Authority

www.dcwasa.com

Description	FY 2004 Actual	FY 2005 Approved	FY 2006 Proposed	% Change from FY 2005
Operating Budget	\$225,358,179	\$287,206,156	\$295,710,000	3.0

The mission of the Water and Sewer Authority (WASA) is to serve its regional customers with superior service by operating reliable and cost-effective water and wastewater services in accordance with best practices.

In 1996, regional participants in the Water and Sewer Authority services, including the District of Columbia, Montgomery and Prince George's counties in Maryland, and Fairfax County in Virginia and the U.S. Congress, agreed to create an independent, multi-jurisdictional water and wastewater authority. In April 1996, the Council of the District of Columbia passed the "Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996", a statute that provided the groundwork for the authority to become operationally independent on October 1, 1996.

The authority plans to fulfill its mission by achieving the following strategic result goals:

- **Customer and Community Service:** WASA is committed to understanding, serving and responding to the needs of its diverse customers and stakeholders. WASA will utilize state-of-the-art technology to monitor, measure and manage customer expectations and reach out to improve relationships with stakeholders and the public.

- **Organizational Effectiveness:** WASA will ensure the effectiveness of the organization by creating and maintaining a safe, productive, highly competent, diverse workforce. WASA will, through partnerships with stakeholders, maintain a professional, high-functioning, ethical work environment and culture.
- **Environmental Quality and Operations:** WASA will provide excellent environmental stewardship, meet and surpass regulatory standards and manage the Authority's infrastructure effectively.
- **Finance and Budget:** WASA will maintain a sound financial position by optimizing operational and capital programs and exploring additional revenue sources, while maintaining fair and equitable rates.

Funding by Source

Table LA0-1 shows the sources of funding for the Water and Sewer Authority.

Table LA0-1

FY 2006 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
Special Purpose Revenue Fund	249,304	225,358	287,206	295,710	8,504	3.0
Total for General Fund	249,304	225,358	287,206	295,710	8,504	3.0
Gross Funds	249,304	225,358	287,206	295,710	8,504	3.0

Expenditures by Comptroller Source Group

Table LA0-2 shows the FY 2006 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table LA0-2

FY 2006 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
11 Regular Pay - Cont Full Time	35,677	38,069	62,225	63,001	776	1.2
13 Additional Gross Pay	13,058	9,655	0	0	0	0.0
14 Fringe Benefits - Curr Personnel	11,038	10,290	12,502	14,089	1,587	12.7
15 Overtime Pay	4,318	4,434	4,586	4,661	75	1.6
Subtotal Personal Services (PS)	64,091	62,449	79,313	81,751	2,438	3.1
20 Supplies and Materials	14,768	16,158	18,874	23,274	4,400	23.3
30 Energy, Comm. and Bldg Rentals	17,276	18,953	22,376	28,316	5,940	26.5
31 Telephone, Telegraph, Telegram, Etc	840	944	0	0	0	0.0
32 Rentals - Land and Structures	2,687	2,319	0	0	0	0.0
40 Other Services and Charges	41,254	48,880	90,701	79,904	-10,797	-11.9
41 Contractual Services - Other	34,133	32,647	0	0	0	0.0
50 Subsidies and Transfers	13,723	20,687	18,365	18,916	551	3.0
60 Land and Buildings	2,166	1,500	0	0	0	0.0
70 Equipment & Equipment Rental	1,025	783	1,279	970	-309	-24.2
80 Debt Service	17,816	20,038	56,298	62,579	6,281	11.2
92 Expense Not Budgeted-deprec	39,524	0	0	0	0	0.0
Subtotal Nonpersonal Services (NPS)	185,213	162,909	207,893	213,959	6,066	2.9
Total Proposed Operating Budget	249,304	225,358	287,206	295,710	8,504	3.0

Gross Funds

The proposed budget is \$295,710,000, representing an increase of \$8,503,844, or 3 percent over the FY 2005 approved budget of \$287,206,156. The budget supports no District FTEs, no change from FY 2005.

General Fund

Special Purpose Revenue Funds. The proposed budget is \$295,710,000, representing an increase of \$8,503,844, or 3 percent over the FY 2005 approved budget of \$287,206,156.

The budget supports no District FTEs, no change from FY 2005.

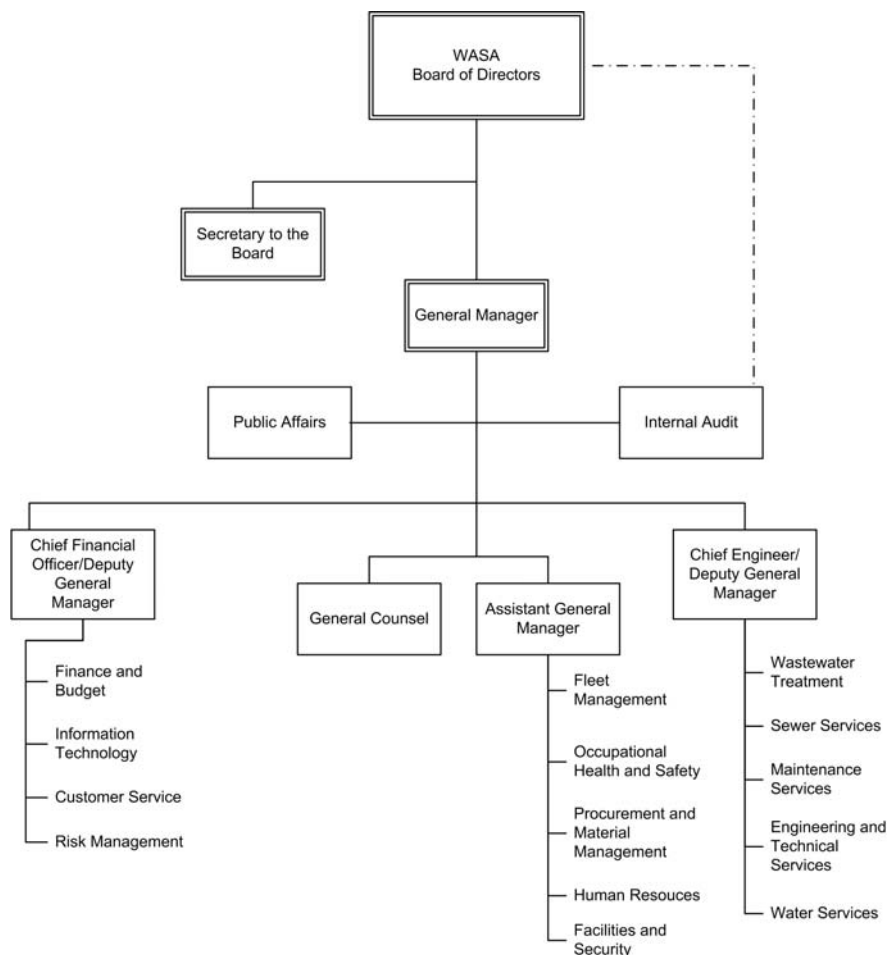
Changes from the FY 2005 approved budget are:

- An increase of \$6,281,000 for higher debt service requirements due to the progression of WASA's Capital Improvement Program.
- An increase of \$5,940,000 for utility costs, primarily for higher projected costs of electricity.
- An increase of \$2,438,000 for personal services costs. This includes base pay increases,

Expenditures by Program

The Water and Sewer Authority has the following program structure:

Figure LA0 - 1
Water and Sewer Authority



higher costs of fringe benefits as well as an additional 12 FTEs to manage the lead replacement program.

- An increase of \$560,000 to pay additional District rights-of-way fees.
- An increase of \$551,000 to pay for water purchases for distribution to District customers.
- A decrease of \$591,000 for other ongoing operations and maintenance expenditures.
- An increase of \$5,301,000 to cover additional lead abatement costs.
- A decrease of \$11,913,000 due to the FY 2005 repayment to the District's contingency reserve for lead replacement costs in FY 2004.

Programs

Operations

The **Water and Sewer Authority** is committed to providing its customers with reliable service and safe drinking water.

The safety of the District's water supply is WASA's top priority. In the summer of 2002, it was determined that the lead content sampled at some of WASA customers' taps was above the action level specified by the U.S. Environmental Protection Agency (EPA). This triggered new operating and capital requirements for WASA, including distribution of public education materials and a program of annual replacement of lead service lines until the lead content levels drop below EPA standards (approximately 22,000 of WASA's 124,000 service lines are lead).

The drinking water supplied by WASA to its customers is purchased from the Washington Aqueduct, which is managed by the U.S. Army Corps of Engineers. In response to the elevated lead levels, in early 2004 Corps officials announced that they would begin testing a new water treatment plan in June 2004. The solution, first advanced a decade ago and now used by nearly half of the utilities in the country, requires introducing phosphates into the water, which is expected to render the system less corrosive and eventually control lead contamination.

During the last six months of 2004, lead levels in all of the compliance samples taken by WASA averaged 19.2 parts per billion (ppb). However, from October to the end of December, the average lead concentration plummeted to 10.6 ppb, which is below the EPA action level of 15 ppb.

Since 10 percent of the samples are still above the action level, WASA is still considered to be in non-compliance. This may be attributable to the fact that orthophosphate could take up to a year or more to provide maximum protection from lead leaching.

In FY 2004, WASA replaced 1,793 lead service lines, in excess of WASA's commitment and the Lead and Copper Rule requirement of 1,615 lines. The number will increase through FY 2010 to comply with the lead administrative order and achieve the goal of replacing all known lead service lines in public space.

Program Budget Summary

The proposed budget is \$293,650,000, an increase of \$7,443,844, or 2.6 percent over the FY 2005 approved budget of \$286,206,156. The budget is entirely supported with Special Purpose Revenue funds. The gross budget supports no District FTEs, unchanged from the FY 2005 approved level.

Storm Water

In FY 2001, the authority began its responsibilities as administrator of the District's **storm water permit** compliance program. As laid out in legislation adopted by the District of Columbia Council in 2001 and a separate memorandum of understanding with various agencies of the District, the authority is responsible for the administration of the storm water control efforts of the District's Departments of Public Works, Transportation, and Health.

In August 2004, the District received its second storm water permit from the EPA. This new permit requires the implementation of several new programs that have been in the planning phases for the last few years, including illicit connection detection and enforcement programs and industrial facility outreach programs, among others. Please refer to the separate enter-

prise fund budget chapter for Storm Water, which is included in this budget document.

Program Budget Summary

The proposed WASA-only portion of the Storm Water program gross funds budget is \$2,060,000, an increase of \$1,060,000, or 106 percent over the FY 2005 approved budget of \$1,000,000. The gross budget supports no FTEs, unchanged from the FY 2005 approved level. Significant changes from the FY 2005 approved budget include:

- A one-time increase of \$1,000,000 allocated for a citywide Long-Term Control Plan for Storm Water (similar to the WASA CSO Long-Term Control Plan). Although it is shown under WASA, the work is to be done on behalf of the Municipal Separate Storm Sewer System (MS4) Administration under the watch of the Storm Water Task Force.

Agency Goals and Performance Measures

Goal 1: Provide the highest quality service to our customers.

Citywide Strategic Priority Area(s): Promoting Economic Development; Making Government Work

Manager(s): Paul Bender, Chief Financial Officer

Supervisor(s): Jerry Johnson, General Manager

Measure 1.1: Percentage of meter-reading accuracy

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	99.9	99.9	99.9	99.9	99.9
Actual	99.9	99.9	-	-	-

Measure 1.2: Percentage of all calls answered within two minutes

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	97	97	97	97	97
Actual	83	79	-	-	-

Measure 1.3: Number of days to resolve correspondence

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	30	30	30	30	30
Actual	30	34	-	-	-

Goal 2: Provide reliable, high-quality drinking water to customers.

Citywide Strategic Priority Area(s): Strengthening Children, Youth, Families, and Elders;

Building Safer Neighborhoods

Manager(s): John Dunn, Chief Engineer

Supervisor(s): Jerry Johnson, General Manager

Measure 2.1: Percentage of time that drinking water complies with EPA quality requirements

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	100	100	100	100	100
Actual	100	N/A	-	-	-

Note: As noted above, WASA exceeded the action level on the Lead and Copper Rule and experienced an exceedance in the total coliform requirement in September 2004.

Measure 2.2: Number of distribution system miles that are flushed

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	500	500	500	500	500
Actual	360	597	-	-	-

Measure 2.3: Percentage of water main breaks that receive an initial response within 45 minutes

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	95	95	95	95	95
Actual	48	59	-	-	-

Measure 2.4: Percentage of water main breaks that are repaired within 10 days

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	90	90	90	90	90
Actual	45	78	-	-	-

Goal 3: Provide high-quality wastewater treatment services to customers.

Citywide Strategic Priority Area(s): Strengthening Children, Youth, Families, and Elders;
Building Safer Neighborhoods

Manager(s): John Dunn, Chief Engineer

Supervisor(s): Jerry Johnson, General Manager

Measure 3.1: Percentage of time that the agency fully complies with the requirements of the EPA permit addressing the operation and maintenance of wastewater systems

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	100	100	100	100	100
Actual	100	N/A	-	-	-

Goal 4: Ensure that WASA's financial performance meets the expectations of the Board of Directors, customers, and the broader financial community.

Citywide Strategic Priority Area(s): Promoting Economic Development; Making Government Work

Manager(s): Paul Bender, Chief Financial Officer

Supervisor(s): Jerry Johnson, General Manager

Measure 4.1: Percentage of senior debt service coverage

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	140	140	140	140	140
Actual	507	460	-	-	-

Measure 4.2: Amount of operating cash reserves maintained for 180 days worth of operating and maintenance (O&M) expenses (\$ in millions)

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	94.6	95.5	97.7	101.4	101.5
Actual	118.7	106.4	-	-	-

Note: The agency modified its FY 2004 target from 97.7 to 95.5, the FY 2005 target from 98.8 to 97.7 and the FY 2006 target from 98.9 to 101.4 (1/05).